

COVID-19 ACT

CONTENTS	PAGE
INTRODUCTION	2
INCOME TAX ACT	3 - 6
VALUE ADDED TAX ACT	7
WORKERS RIGHTS ACT	8 - 9
COMPANIES ACT	10
INSOLVENCY ACT	11
LANDLORD AND TENANT ACT	12
FIRM PROFILE	13

INTRODUCTION

We are pleased to set out in this document changes brought by the COVID-19 Act to legislations that are likely to impact on your business activities.

The COVID-19 period is the period starting on 23 March 2020 and ending on 1 June 2020 (or ending on such later date as may be prescribed by regulations).

INCOME TAX ACT

The following measures will be in place following the COVID-19 ACT.

- **The COVID-19 Levy**

Employers may be liable to the COVID-19 Levy, which involves repayment to MRA of the amount which they have received under the Government Wage Assistance Scheme (GWAS). The Levy will be payable over two accounting periods. The table below illustrates how each category of employer will be liable to the COVID-19 levy.

	Category of employer	Amount of COVID-19 Levy payable	Due date for payment of COVID-19 Levy
1.	Individuals and Resident Sociétés	<u>Accounts for the year/period ending 30 June 2020</u> The lower of: (i) The amount received under GWAS, and (ii) Fifteen percent (15%) of gross income after deduction of allowable expenditure.	30 September 2020
		<u>Accounts for the year/period ending 30 June 2021</u> The lower of: (i) The amount received under GWAS less amount of levy payable for the previous year, and (ii) Fifteen percent (15%) of gross income after deduction of allowable expenditure.	30 September 2021

INCOME TAX ACT (CONTINUED)

- The COVID-19 Levy (continued)

	Category of employer	Amount of COVID-19 Levy payable	Due date for payment of COVID-19 Levy
2.	Companies	<p><u>Accounting period ending on any date from 1 May 2020 to 31 December 2020</u></p> <p>The lower of:</p> <p>(i) The amount received under GWAS, and</p> <p>(ii) Fifteen percent (15%) of chargeable income for Levy*.</p> <p><u>Accounting period ending on any date from 1 May 2021 to 31 December 2021</u></p> <p>The lower of:</p> <p>(i) The amount received under GWAS less amount of levy payable for the previous year, and</p> <p>(ii) Fifteen percent (15%) of his chargeable income for Levy*.</p>	<p>6 months after balance sheet date</p> <p>6 months after balance sheet date</p>

INCOME TAX ACT (CONTINUED)

- The COVID-19 Levy (continued)

	Category of employer	Amount of COVID-19 Levy payable	Due date for payment of COVID-19 Levy
3.	Companies	<u>Accounting period ending any date from 1 January 2021 to 30 April 2021</u> The lower of: (i) The amount received under GWAS, and (ii) Fifteen percent (15%) of chargeable income for Levy*	6 months after balance sheet date
		<u>Accounting period ending any date from 1 January 2022 to 30 April 2022</u> The lower of: (i) The amount received under GWAS less amount of Levy payable for the previous year, and (ii) Fifteen percent (15%) of chargeable income for Levy*	
*Chargeable income for the purposes of the Levy excludes tax losses brought forward from previous years.			

INCOME TAX ACT (CONTINUED)

- **Contribution to COVID-19 Solidarity Fund**

Any contribution made to the COVID-19 Solidarity Fund will be an allowable deduction for computation of chargeable income.

The allowable deduction will be as follows:

Individuals

Actual contribution made during the accounting periods ending on 30 June 2020 and 2021.

Companies

Actual contribution made up to 30 June 2021.

Any unrelieved COVID-19 Solidarity Fund contribution can be carried forward to be utilized in the following two income years.

- **Non-payment of Levy**

The MRA may issue a claim for any unpaid Levy within a period of 3 years from the due date for payment, together with:

Penalty : 10%

Interest : 1% per month or part of the month

- **False declaration or refusing to give information when benefiting from GWAS**

Fine not exceeding MUR 50,000 and/or imprisonment of up to 2 years.

VALUE ADDED TAX ACT

- **Value Added Tax Act**

The following items are classified as zero-rated supplies, effective 24 March 2020:

- Protective masks against dust, odours and similar items.
- Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters.
- Hand sanitisers.

WORKERS RIGHTS ACT

- **Work from home**

Employers may now request their employees to work from home subject to giving them 48 hours' notice.

- **Flexitime**

Any worker may now submit a request to his employer to work on flexitime.

- **Shift work during COVID-19 period**

No allowance will be payable to workers for night shift during COVID-19 period.

- **Annual leave**

Employers may deduct up to a maximum of 15 days' annual leave during a period of 18 months following the expiry of the COVID-19 period.

No deduction may be made if the worker performs work during the COVID-19 period.

For part time workers deduction of annual leaves will be on a pro-rata basis.

- **Overtime during COVID-19 period**

Rate applicable to overtime worked on public holidays (including Sundays) reduced from 3 to 2 times the normal rate.

Rate applicable to overtime worked Monday to Saturday, excluding public holidays, is 1.5 times the normal rate.

Employers will be allowed to give time off to employees instead of payment of overtime.

WORKERS RIGHTS ACT (CONTINUED)

- **Reduction of workforce**

The Minister may by regulations exempt an employer who provides services in the sectors which require a minimum service as set out in the Third Schedule of the Employment Rights Act, from the application of Section 72 of the Workers Rights Act.

A new Section 72 A has been introduced in the Workers Rights Act for these sectors and this provides for the same procedural steps as Section 72 but with shorter time frame to give notice to the Redundancy Board.

The exempt employer shall give notice at least 15 days before closure or reduction of workforce together with statement of cause to the Redundancy Board.

The Redundancy Board will need to complete proceedings within 15 days of receiving notice from employer, instead of 30 days.

- **Transition Unemployment Benefit**

Workers who proceed on leave without pay, in lieu of the termination of employment, will be entitled to a Transition Unemployment Benefit provided they have not taken any other employment during the period of leave without pay.

- **Portable Retirement Gratuity Fund (PRGF)**

The PRGF has been postponed to a future date as the Minister may prescribe. However the full amount of PGRF is payable for any termination of contract for the length of service of the employee.

COMPANIES ACT

- **Temporary measures during COVID-19 period**

The Registrar may issue practice directions, guidelines or instructions for the good administration of the Companies Act.

- **Annual Meeting**

Annual Meeting of shareholders to be held not later than 9 months (instead of 6 months) after the balance sheet date of the company or not less than such further period as the Registrar may determine, after the COVID-19 period lapses.

During the COVID-19 period the requirement for Annual Meeting of shareholders to be held not more than once in each year and not later than 15 months after the previous Annual meeting shall not apply.

- **Duties of directors on insolvency**

Section 162 of the Companies Act shall not apply during the COVID-19 period.

- **Obligation to prepare financial statements**

The Board of every company shall ensure that financial statements are completed within 9 months after the balance sheet date, (instead of 6 months).

- **Filing of accounts**

Filing of accounts with the Registrar of Companies is extended from 28 days to 3 months or to such other period as the Registrar may determine.

INSOLVENCY ACT

- **Bankruptcy order**

The statutory minimum with regards to petition for bankruptcy order by a creditor has increased from MUR 50,000 to MUR 100,000.

- **Winding-up resolution**

Any resolution passed during the COVID-19 period or within 3 months of the COVID-19 period is void. This provision shall not apply to companies holding a Global Business Licence.

- **Creditors meeting**

The obligation to convene a creditors' meeting under Section 142 shall not apply during the COVID-19 period and 3 months thereafter.

- **Statutory demand**

The debt amount to service statutory demand has increased from MUR 100,000 to MUR 250,000. The debtors shall comply with the statutory demand within 2 months.

- **Appointment of Receiver or Receiver & Manager**

Any Receiver or Receiver & Manager appointed under any instrument shall be void during the COVID-19 period.

- **First creditors' meeting convened by administrator**

If the 10 days within which the meeting shall be called falls wholly or partly during the COVID-19 period, the meeting shall be held not later than 30 days after the COVID-19 period lapses.

LANDLORD AND TENANT ACT

- Non-payment of rent in respect of period March to August 2020 or such other subsequent months as may be prescribed shall not constitute a breach of tenancy agreement provided the rent is fully paid in instalments by 31 December 2021.
- This applies to all premises primarily intended for use for business or residential purposes, let under the Landlord and Tenant Act or any other enactments.

FIRM PROFILE

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